

**Taokaenoi Food and Marketing Public Company Limited**



**Management Discussion  
and Analysis (MD&A)**

**FOR QUARTER 1/2024**



May 10, 2024

To President  
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the First Quarter ended March 31, 2024

Taokaenoi Food and Marketing Public Company Limited (the “**Company**”) would like to clarify the revenue from sales and net profit in the consolidated financial statements for the three-month period ended March 31, 2024, which may be summarized as follows:

Consolidated Financial Statements	1st Quarter (January- March)				
	Q1/ 2024		Q1/ 2023		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	1,367.3	100.0 %	1,243.7	100.0 %	9.9 %
Cost of Sales	(824.7)	(60.3 %)	(836.4)	(67.3 %)	(1.4 %)
Gross Margin	542.6	39.7 %	407.3	32.7 %	33.2 %
Distribution Costs	(151.4)	(11.1 %)	(145.6)	(11.7 %)	4.0 %
Administrative Expenses	(107.1)	(7.8 %)	(87.6)	(7.0 %)	22.2 %
Profit before Income Tax Expenses	305.7	22.4 %	178.1	14.3 %	71.6 %
Income Tax Expenses	(10.7)	(0.8 %)	(11.5)	(0.9 %)	(7.3 %)
<b>Net Profit : Owners of the Parent</b>	<b>294.4</b>	<b>21.5 %</b>	<b>166.0</b>	<b>13.3 %</b>	<b>77.4 %</b>

Consolidated Financial Statements	1st Quarter (January- March) vs. 4th Quarter (October - December)				
	Q1/ 2024		Q4/ 2023		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	1,367.3	100.0 %	1,339.5	100.0 %	2.1 %
Cost of Sales	(824.7)	(60.3 %)	(839.9)	(62.7 %)	(1.8 %)
Gross Margin	542.6	39.7 %	499.6	37.3 %	8.6 %
Distribution Costs	(151.4)	(11.1 %)	(190.3)	(14.2 %)	(20.5 %)
Administrative Expenses	(107.1)	(7.8 %)	(114.7)	(8.6 %)	(6.6 %)
Profit before Income Tax Expenses	305.7	22.4 %	177.8	13.3 %	71.9 %
Income Tax Expenses	(10.7)	(0.8 %)	(9.3)	(0.7 %)	14.8 %
<b>Net Profit : Owners of the Parent</b>	<b>294.4</b>	<b>21.5 %</b>	<b>167.2</b>	<b>12.5 %</b>	<b>76.1 %</b>

**บริษัท เต้าแกนน้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)**

สำนักงาน : 337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120  
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนา : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210  
โทร. 0 3592 3055

โรงงานนพวงศ์ : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140  
โทร. 0 2108 6888

**Taokaenoi Food and Marketing Public Company Limited**

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120  
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210  
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140  
Tel. +66 2108 6888



## Revenue from Sales

The Company has revenue from sales in the first quarter in the amount of 1,367.3 million Baht, **increased by 9.9 percent** from the same quarter of the previous year (increased by 2.1 percent from Q4 / 2023), due to the growth in domestic sales at 3.9 percent thanks to the growing demand for seaweed consumption in the country as a result of sales promotional and marketing activities as well as new product launch and growing demand from tourists in the first quarter of this year with an increase up to 44 percent as compared to the same period of the previous year. Moreover, international sales also increased by 13.5 percent in the first quarter due to growth from expansion of the distribution channels in major countries, e.g., Indonesia, the United States of America and Malaysia, through ongoing sales promotional and marketing activities, both online and offline, with consumers, which also increased new customers' base in various secondary markets, such as, Canada, Korea, Taiwan and countries in Europe with promising growth.

Domestic sales in the first quarter accounted for 35 percent while international sales represented 65 percent.

**Domestic Sales:** Revenue from sales in the first quarter is 485.1 million Baht, **increased by 3.9 percent** from the same quarter of the previous year (decreased by 6.4 percent from Q4/2023), due to sales growth from the increasing number of tourists in the country in the first quarter, including various activities by the Company to expand the consumers' base of various types of seaweed products, as follows:

- The Company's newly launched products to consumers in this first quarter are popcorn flavored crispy seaweed in collaboration with MAJOR Group, and tomato flavored roasted seaweed. The Company also offered Pillow pack products for tourists, available at Lotus's, in response to the most popular trend of big pack snacks.
- The Company engaged influencers for marketing activities and offered various campaigns and promotions to consumers, e.g., "Having Fun in Korea" event with Paeng ZBING Z., distribution of free Big Sheet in front of Big C Ratchadamri as tourists' souvenir shop, and the Valentines' Day promotional event by offering Pink salt and tomato flavored roasted seaweed as a bouquet, and promoting the event via KOL.
- The Company held an online live streaming and promoted tomato flavored roasted seaweed via online channels and 7-delivery of 7-Eleven convenience stores.
- The Company collaborated with Samyang, a Korean instant noodle brand, to promote seaweed in combination with Samyan Buldak Hot Chicken Flavor Ramen, and also collaborated with Kumtsu restaurant with over 60 branches to promote eating Taokaenoi seaweed with the flame torched beef/pork rice menu.
- In addition, the Company also held activities to expand its consumers' base to those who may never try Taokaenoi seaweed via on-ground activities, e.g., serving roasted seaweed with meals on food

### บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนมณฑลวิถี ตำบลบางพูด อำเภอปากเกร็ด นครปฐม 11120 โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210 โทร. 0 3592 3055
โรงงานนพวงศ์ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140 โทร. 0 2108 6888

### Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120 Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210 Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140 Tel. +66 2108 6888



trucks to reach consumers at office buildings, and day/night markets at various locations, and product sample distribution in provincial areas, both markets and in front of schools, to promote Taokaenoi brand recognition.

In this first quarter, Taokaenoi proved its leading status in the seaweed business segment as evidenced by the awards from Thailand Social Award and BrandAge Magazine, namely “Best Brand Performance on Social Media” in Food & Snacks, for the second year in a row from “Thailand Social Awards No. 12”, and 2 awards from BrandAge Magazine, i.e., “Thailand’s Most Admired Brand 2024” as consumers’ most popular brand, and “Market Leader Brand Award in Snack” as a leading brand with highest market share.

**International Sales:** Revenue from sales in the first quarter is 882.2 million Baht, **increased by 13.5 percent** from the same quarter of the previous year (increased by 7.4 percent from Q4/2023), comprising sales in China in the amount of 284.0 million Baht, decreased by 6.3 percent from the same quarter of the previous year, and sales in other countries in the amount of 598.2 million Baht, increased by 26.2 percent from the same quarter of the previous year.

With regard to sales promotional and marketing activities in China in this first quarter, the Company focused on the Chinese New Year festival activities, both online and offline, e.g., online promotional campaigns by influencers, product sample distribution and promotional booths in stores in major cities, to promote brand recognition and continued consumption. Despite the decline in sales in China by 6.3 percent from the same quarter of the previous year due to selling price increase in Q4/2023, which caused a drop of purchases from distributors during the first two months of the first quarter, the consumer-centric marketing activities improved sales to return to normal since March. The economic overview in China tends to slightly improve as evidenced by its Gross Domestic Product (GDP) figures which increased by 5.3 percent in Q1/2024 as compared year to year, and slightly better than Q4/2023 at 5.2 percent.

Other international markets showed an increase in sales growth in this first quarter at 26.2 percent as compared to the same quarter of the previous year, and at 23.9 percent as compared to Q4/2023, due to sales growth in several countries, namely in major countries like the United States of America, Indonesia and Malaysia, and in potential secondary countries where the Company expanded the distribution channels over the past years and focused more on their growth, such as, Canada and countries in Europe like the Netherlands, Germany, Belgium and England, including many countries in Asia, e.g., Vietnam, Korea and Taiwan, which started to show promising growth.

In this first quarter, the Company held sales promotional and marketing activities during important festivals, i.e., the Chinese New Year’s Day or the New Year’s Day when several countries celebrate other than China, e.g., Malaysia, Hong Kong, the Vietnamese Tet Festival, and the Muslim’s Ramadan and Hari Raya occasions. Such activities included games and rewards events, roadshows for product promotion in various places, product sample distribution, and tasting booths in supermarkets, as well as social media campaigns. Moreover, in

**บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)**

สำนักงาน : 337 ถนนมณฑลศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120  
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210  
โทร. 0 3592 3055

โรงงานหนองสี : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140  
โทร. 0 2108 6888

**Taokaenoi Food and Marketing Public Company Limited**

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120  
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210  
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140  
Tel. +66 2108 6888



Indonesia, the Company's new distributor appointed in Q4/2023 started to distribute more products via Traditional Trade or to rural areas along with booth events, product sample distribution, and more advertisement on signboards in rural areas, thereby substantially improving sales growth from expansion of distribution channel and consumers' base in parallel.

International sales in Q1/2024 represented 65 percent of total sales, in respect of which China accounted for 21 percent and other countries for 44 percent.

### Gross Margin

In the first quarter, the Company has gross profit of 542.6 million Baht, representing 39.7 percent of revenue from sales. The ratio of gross profit to sales revenue is **increased by 6.9 percent** from the same quarter of the previous year, and increased by 2.4 percent as compared to that of Q4/2023. Such increase in gross margin in this first quarter was caused by the Go Firm policy for corporate restructuring to be compact, cost reduction and control for productivity, in parallel with revenue management, resulting in a better gross margin rate accordingly, which may be summarized as follows:

- Revenue management focused on building growth for profitable products and channels by increasing the percentage or growth through sales promotional and marketing for these product segments, and promoting such promising channels to achieve a higher gross profit to revenue ratio.
- Selling prices of products in some countries were increased since Q4/2023, with positive effect from exchange rate for sales in foreign currency, thereby causing the first quarter's gross margin to increase as compared to the same quarter of the previous year.
- Cost management was improved from various aspects, e.g., increased production capacity in factory to reduce fixed unit cost, relatively lower percentage of labor despite increased production volume due to internal production process improvement for more efficiency than the previous year, acquisition of certain raw materials at lower costs than the previous year by way of short-term contracts to fix costs better than last year, and management of other expenses in factory to be more efficient, e.g., reduction of wastes in factor, reduction of consumable expenses, etc.
- Inventories at the beginning of the period were revaluated in 2024 which resulted in a one-time recognition of differences of inventories at the beginning of the period between the costs of goods this year and last year, in a positive figure, thereby causing the gross profit to sales ratio in this first quarter to increase by 2 percent, and as such, the overall costs of goods in 2024 are higher than 2023, mainly due to this year's higher average prices of seaweed raw materials than 2023.

#### บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : 337 ถนนมณฑลศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120  
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210  
โทร. 0 3592 3055

โรงงานหนองคี : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140  
โทร. 0 2108 6888

#### Taokaenoi Food and Marketing Public Company Limited

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120  
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210  
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140  
Tel. +66 2108 6888



## Distribution Costs

The Company has the distribution costs in the first quarter in the amount of 151.4 million Baht, representing 11.1 percent of revenue from sales. The ratio of distribution costs to sales revenue is **decreased by 0.6 percent** from the same quarter of the previous year (decreased by 3.1 percent from Q4/2023), which represented an increase in the distribution costs by merely 4 percent. The Company was still able to control its budget to be in line with sales, and focus on effective marketing activities and internal cost control to stay at appropriate level, thereby causing the ratio of distribution costs to sales revenue to decrease.

## Administrative Expenses

The Company has the administrative expenses in the first quarter in the amount of 107.1 million Baht, representing 7.8 percent of revenue from sales. The ratio of administrative expenses to sales revenue is **increased by 0.8 percent** from the same period of the previous year (decreased by 0.7 percent as compared to Q4/2023), due to major expenses in respect of staff and manpower rate higher than the previous year, including increased technology expenses for long-term development of the organization and competitiveness enhancement.

## Net Profit: Owners of the Parent

The Company has the net profit in the first quarter in the amount of 294.4 million Baht, representing 21.5 percent of revenue from sales. The net profit increased by 7.7 percent from the same quarter of the previous year or in the amount of 128.4 million Baht (increased by 7.6 percent from Q4/2023). This increase in the net profit was a result of the focus on management of gross profitability by way of revenue management in parallel with cost management, management of selling and administrative expenses in line with business management budget based on the 3GO strategies, which have enabled the Company to improve its profitability from inside out and resilience to potential circumstances. Moreover, given the weakening Baht currency in the first quarter, the Company recognized exchange rate gain of 19.1 million Baht, which contributed to the increased net profit.

## Business Trends and Challenges in 2024

It is forecast that in this 2024, the world economy tends to grow similar to 2023 while negative impact may arise from various factors, e.g., China's economic slowdown, El Niño, the Russia-Ukraine war, and the Middle East's tension. Thailand's economy is forecast to grow at 2.2 to 3.2 percent thanks to the positive factors from the recovery of tourism industry, despite such negative factors as droughts and El Niño, high interest rates. Amidst these fluctuating situations, the Company anticipates these challenges this year, both negative and positive factors in various countries, and thus sets out our growth strategies this year for resilience and adaptability to rapidly respond to changing circumstances, most notably are:

1. Seaweed prices in 2024 have increased by nearly 50 percent as compared to 2023, due to such impact of El Niño on seaweed output in China and Japan, which is remarkably declining. This has caused the demand

### บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนมณฑลศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานนพวงศ์ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

### Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



for seaweed in Korea to rise from concern of shortage of seaweed raw materials, thereby causing seaweed prices in Korea to rapidly and unexpectedly increase, until today, such increase in seaweed prices still continues. However, thanks to the Company's evaluation of the situations in association with its suppliers which forecast such tentative price increase since early this year, the Company has gradually purchased seaweed at relatively higher costs than last year, although this can rest the Company assured that the seaweed volume will be sufficient for the demand and sales forecast this year.

2. Revenue management is done by way of product mix and channel mix for efficiency and focus on sales growth with a target at 15 percent in 2024. Potential international markets, such as, the United States of America and Indonesia, remain the Company's focused countries to generate more growth than other countries to compensate for China's slight growth due to its economic slowdown and fluctuations.
3. Cost management still continues with optimum efficiency in accordance with the GO FIRM policy by way of production process improvement and introduction of machinery to increase productivity and minimize unnecessary expenses to ensure that the Company's costs are competitive.
4. In 2024, the number of tourists to visit Thailand is forecast at over 33 million tourists. Such increased number of tourists will serve as a positive factor for domestic sales to grow along with our strategy to promote domestic consumption through extensive distribution of products and new product launch with trendy flavors in response to consumers' demand.
5. Restaurants and souvenir shops are managed to generate more profits and expand their branches to achieve the economy of scale in respect of selling and administrative expenses.

As a whole, in 2024, the Company has planned for its sales growth at a total rate of over 15 percent as compared to the same period of the previous year, and focused on more efficiency in its internal management, cost control in line with budget with flexibility by circumstances. Despite the rising seaweed costs in this year in line with the ordinary course of seaweed industry which relies on natural raw materials, the Company has set out its operation plan to mitigate impact of higher costs by increasing product prices in Q4/2023 in some countries, which caused the gross profit to sales ratio to increase, revenue management by focusing on profitable products and channels, and competitive costs to reduce impact of seaweed prices for a short-term period in this year.

Furthermore, the Company has emphasized the flexibility of its operation plan according to circumstances from time to time. Given this year's higher prices of seaweed raw materials, the marketing competition will decline due to high cost burden, and as such, Taokaenoi, with competent personnel and competitiveness, sees an opportunity for better market penetration. The Company's effective foundation in its operations will serve as a long-term strategy, as and when circumstances return to normal, the Company will be able to generate more profits in the long run.

**บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)**

สำนักงาน :	337 ถนนมณฑลศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120 โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210 โทร. 0 3592 3055
โรงงานนพวงศ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140 โทร. 0 2108 6888

**Taokaenoi Food and Marketing Public Company Limited**

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120 Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210 Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140 Tel. +66 2108 6888





Please be informed accordingly.

Yours sincerely,

(Mr. Jirapong Suntipiromkul)

Deputy Managing Director

Authorized to sign on behalf of the Company

Taokaenoi Food and Marketing PCL

**บริษัท เต้าแก๋น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)**

สำนักงาน : 337 ถนนมณเฑียรศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120  
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคีพัฒนา อำเภอลำลูกเกด พระนครศรีอยุธยา 13210  
โทร. 0 3592 3055

โรงงานนพวงคี : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140  
โทร. 0 2108 6888

**Taokaenoi Food and Marketing Public Company Limited**

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120  
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210  
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140  
Tel. +66 2108 6888